

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 H-01 PA-01 PM-05 DODE-00 INT-05
AGRE-00 DOE-15 SOE-02 OES-07 /130 W
-----010453 300513Z /12

R 300244Z MAY 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3366
INFO AMCONSUL PERTH
AMCONSUL BRISBANE
AMCONSUL MELBOURNE
AMCONSUL SYDNEY

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SYDNEY ALSO PASS IMC

E.O. 11652: N/A
TAGS: ETRD, EINV, EGEN, BEXP, AS
SUBJ: COMMUNICATION AND COOPERATION WITH APCAC

REF: STATE 112598(NOTAL)

BEGIN UNCLASSIFIED

1. SUMMARY: UNDER LEADERSHIP OF THE AMBASSADOR, THE EMBASSY COUNTRY TEAM MET WITH AUSTRALIAN-AMCHAM EMBASSY BUSINESS LIAISON COMMITTEE (BLC) ON MAY 26 TO REVIEW SUBSTANCE OF REFTEL. MEETING FOCUSED PARTICULARLY ON THE AGREEMENT REACHED AT THE SINGAPORE APCAC MEETING ON THE DESIRABILITY OF IMPROVING COMMUNICATIONS WITH THE AMERICAN BUSINESS COMMUNITY AND OF WORKING TOGETHER ON SOME OF THE PROBLEMS FACING THE U.S. IN THE FOREIGN TRADE AND INVESTMENT AREAS. MEETING WAS LIMITED OFFICIAL USE

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CORDIAL AND MAINLY EXPLORATORY. NO STARTLINGLY NEW ISSUES WERE IDENTIFIED NOR WERE THERE ANY WHICH REALISTICALLY STATE, COMMERCE OR THE EMBASSY COULD WORK TO RESOLVE AT THIS TIME. NEVERTHELESS, THE CLOSER LIAISON AND COMMUNICATIONS EMPHASIS WAS WELL TAKEN AND THE CONTINUATION OF REGULAR MEETINGS IN CANBERRA AND IN THE STATES WAS ASSURED. END SUMMARY.

2. THE AMBASSADOR REVIEWED THE RECENT SERIES OF HIGH LEVEL VIP VISITORS TO AUSTRALIA INCLUDING THE VICE PRESIDENT, CHIP CARTER AND THE U.S. NAVY SHIPS AND SUGGESTED THAT ALL OF THESE PROVIDED STRONG EVIDENCE TO THE AUSTRALIANS OF THE CONTINUING COMMITMENT OF THE USG TO POLITICAL-MILITARY COOPERATION AND CONTINUING INTEREST IN A FRUITFUL DIALOGUE WITH THE GOA ON MATTERS OF BILATERAL AND MULTILATERAL TRADE. ON THE PURPOSES OF THE MEETING, HE CALLED FOR SPECIFICITY AND NOT GENERALITIES WHICH WERE WELL KNOWN IN AREAS WHERE THE USG CAN DO NO MORE THAN AT PRESENT.

3. THE BLC MEMBERS PROVIDED A SERIES OF OVERVIEWS ON THEIR ASSESSMENT OF THE CURRENT STATE OF THE AUSTRALIAN ECONOMY WHICH TOUCHED ON SECTORAL PROBLEMS BUT WITH VERY LITTLE SPECIFICITY ON ISSUES OR SUGGESTIONS THAT WOULD BE USEFUL AT THIS TIME FOR STUDY BY THE INTER-AGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT POLICY (STATE 95673).

4. DISCRIMINATORY FREIGHT RATES FEATURED LARGELY IN THE BLC COMMENTS. ONE EXAMPLE GIVEN WAS THE RATE OF US DOLS 28 A METRIC TON FOR PHOTOGRAPHIC CHEMICALS ON THE JAPAN-U.S. AND THE AUSTRALIA-U.S. ROUTES AS CONTRASTED WITH US DOLS 220 A METRIC TON ON THE U.S.- AUSTRALIA AND U.S.-JAPAN ROUTES. THE EMBASSY TEAM USGGESTED THAT NOWIS THE TIME FOR THE AMCHAM (AND APCAC) TP PRESENT EVIDENCE IN WASHINGTON EITHER THROUGH THE U.S. CHAMBER OF COMMERCE OR BY INDUSTRIES TO THE FEDERAL LIMITED OFFICIAL USE

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AGENCIES AND THE CONGRESS AS A SERIES OF BILLS ON SHIPPING ARE NOW UNDER REVIEW IN WASHINGTON.

5. NEAR TERM PREDICTIONS ON THE AUSTRALIAN ECONOMY BY THE BLC MEMBERS SUGGEST THAT THE 40 PERCENT INVESTMENT ALLOWANCE WILL HAVE (AND IS HAVING) A STIMULATIVE EFFECT ON CERTAIN SELECTED SECTORS(WELDING, ASSOCIATED ELECTRICAL, SELECTED WHITE GOODS AND CERTAIN METALS) OF THE ECONOMY BUT THAT THIS WILL BE RELATIVELY SHORT LIVED AS THE LONGER TERM PROSPECTS FOR MINING ARE NOT VERY BULLISH. THIS WAS SEEN AS PARTICULARLY TRUE IN COAL, IRON ORE, BAUXITE AND URANIUM WHOSE PROSPECTS ARE NOT BRIGHT BECAUSE OF THE LAND RIGHTS PROBLEMS AS REGARDS URANIUM AND BECAUSE OF THE CONTRACT NEGOTIATIONS BEING SUCCESSFULLY NEGOTIATED BY THE JAPANESE WITH BRAZIL ON THE COAL, IRON ORE AND BAUXITE.

6. THE BLC MEMBERS WERE VERY SUPPORTIVE OF THE NEW IMC AND SUGGESTED THAT IT WILL PROVIDE ONE VERY HIGH PROFILE EXAMPLE OF THE USG'S COMMITMENT TO THE EXPORT PROMOTION PROGRAMS OF THE AMERICAN BUSINESS AND INDUSTRY AND OF ASSISTANCE TO ITS EFFORTS TO BE MORE COMPETITIVE OVERSEAS. HOWEVER, IT WAS DIFFICULT TO OBTAIN ANY FOCUS ON QUESTIONS

SUCH AS FEE STRUCTURES FOR EVENTS PARTICIPANTS; FOR NEW OR REFINED PROGRAMS OR ON TRADE EVENT TECHNIQUES. THIS SUGGESTS THAT REGIONAL MEETINGS(AND PARTICULARLY IN SYDNEY) WILL BE REQUIRED TO FLESH OUT MORE PRECISE DETAILS OF ASSISTANCE TO STATE AND COMMERCE AS THESE PROGRAMS ARE REVIEWED BY THE INTER-AGENCY TASK FORCE.

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7. UNDER UTILIZED INDUSTRIAL CAPACITY, STRIKES AND LABOR COSTS WERE TOUCHED ON BY A NUMBER OF THE BLC MEMBERS WITH SOME DATA PROVIDED ON RELATIVE COST DIFFERENCES IN AUSTRALIAN PLANTS AS CONTRASTED WITH EXPERIENCE IN U.S. PLANTS (ON A REGIONAL BASIS) OF THE AMERICAN PARENT. HOWEVER, AGAIN, NO PARTICULAR EFFORTS WERE MADE BY THE BLC MEMBERS TO RELATE THESE PROBLEMS TO THE EXPORT PERFORMANCE OF U.S. AFFILIATES ABROAD. THE ONE-FOR-ONE DIALOGUE WITH EMBASSY TEAM MEMBERS AND BLC REPRESENTATIVES DID SUGGEST THAT THERE MAY WELL DEVELOP IN FUTURE MEETINGS SOME COMMENTS AND DETAILS ON TECHNIQUES (PARTICULARLY FOR USE BY THE IMC) ON HELPING FUTURE EXHIBITORS TO INTRODUCE EQUIPMENT, TECHNOLOGY AND SYSTEMS OF ASSISTANCE TO AUSTRALIAN INDUSTRY IN ITS EFFORTS TO IMPROVE ITS EXPORT DEVELOPMENT PROGRAMS. THESE LARGELY RELATE TO PANEL DISCUSSIONS AND TECHNICAL PRESENTATIONS

PROGRAMS WHICH WILL HAVE TO BE FULLY EXPLORED.
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8. FINANCING AND PARTICULARLY EXIMBANK FINANCING WERE FEATURED IN THE OVERVIEWS BY THE BLC MEMBERS. HOWEVER, AGAIN NO SPECIFICITY WAS PROVIDED. SOME OF THE OLD SAWS WERE TROTTED OUT SUCH AS THE JAPANESE AND GERMAN AND NOW TAIWANESE AND REPUBLIC OF KOREA COMPETITIVENESS WITH EXPORT FINANCING.

9. ONE INTERESTING NOTE WAS THAT, AS FAR AS BUSINESS IS CONCERNED, THE LACK OF AN ENERGY POLICY IS AN ENERGY POLICY AND THAT IT TENDS TO HAVE A DIRECT IMPACT ON INVESTMENT DECISIONS, SHIPPING AND AN ENTIRE RANGE OF BUSINESS DECISIONS. AN AIRGRAM ON THE EMBASSY-BLC MEETING IS UNDER PREPARATION.

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10. COMMENT: IT IS THE CONSENSUS OF THE EMBASSY TEAM THAT IT WILL TAKE A NUMBER OF MEETINGS TO FLESH OUT ANY (IF AT ALL) SUGGESTIONS FROM THE AMCHAM AND ITS BLC ON MATTERS OF CURRENT INTEREST THAT ARE SUSCEPTIBLE OF RESOLUTION AS REGARDS ASSISTANCE TO THE AMERICAN EXPORT EXPANSION EFFORTS. NEVERTHELESS, THE DIALOGUE WILL CONTINUE WITH EVERY EFFORT TO GET THE AMCHAM TO FOCUS ON SPECIFIC ISSUES AND THE MODALITY FOR IMPLEMENTATION. A SIDE BENEFIT OF COURSE FOR THE ECONOMIC AND COMMERCIAL REPORTING PROGRAMS OF THE MISSION AND THE POSTS, IS THE INFORMATION THE BLC AND AMCHAM MEMBERS' FIRMS CAN PROVIDE ON THEIR EXPERIENCE WITH DUMPING (THEY SAY LARGELY BY THE JAPANESE AND THE WEST GERMANS) AND ON SPECIFIC FINANCE QUESTIONS THAT DIFFER FROM WHAT IS BEING PROVIDED BY OFFICIAL SOURCES IN THE BERNE UNION DIALOGUE. ALSO, THE MEMBERS HAVE SOME PITHY VIEWS ON THE SUSCEPTIBILITY

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OF THE AUSTRALIAN PRIME MINISTER IN PARTICULAR AND THE GOA IN GENERAL TO BE INFLUENCED BY LOBBY GROUPS BE THEY THE "GREENIES" WITH RESPECT TO MINING AND THE ULTIMATE OVER CONTROL OF THE OIL INDUSTRY, TO THE FACT THAT THERE IS VERY LITTLE INTERCHANGE BETWEEN THE LEGAL PROFESSION-GOVERNMENT AND BUSINESS IN TERMS OF SHARED EXPERIENCE (AS IN THE U.S., FOR EXAMPLE) AND THAT AS A RESULT, THERE IS A PROPENSITY FOR THE GOA'S BUREAUCRATS TO HAVE NO UNDERSTANDING AND IN SOME

CASES NOT EVEN ANY SYMPATHY WITH THE PROBLEMS OF BUSINESS
TAXATION, EXPORT EXPANSION, UNDER UTILIZATION OF CAPACITY IN
INDUSTRY AND LABOR ISSUES.
ALSTON

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